MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2019/2020

DMG5034 – MANAGEMENT ACCOUNTING

(All sections / Groups)

11 MARCH 2020
2.30 P.M. – 4.30 P.M
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of 5 pages with 5 Questions only.

2. Attempt **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.

3. Please write all your answers in the Answer Booklet provided.

QUESTION 1

Clear Cleaning Company uses weighted average process costing system and manufactures a single product, which is Magic Glass Cleaner. The manufacturing activity for the month of January 2020 has just been completed. The costing officer produced the following production information for the Mixing Department:

	Physical units
Work in process, Jan 1 (40% materials, 25% conversion costs)	15,000
Work in process, Jan 31 (60% materials, 40% conversion costs)	65,000
Started into production	150,000
Transferred out	100,000

Costs reports shows that materials were RM8,500 and conversions costs were RM8,800 in the beginning of January. During the month, RM200,000 of materials and RM75,620 of conversion costs were started into production.

Required:

Prepare a production costs report for the Mixing Department of Clear Cleaning Company.

(20 marks)

[TOTAL 20 MARKS]

QUESTION 2

Part A

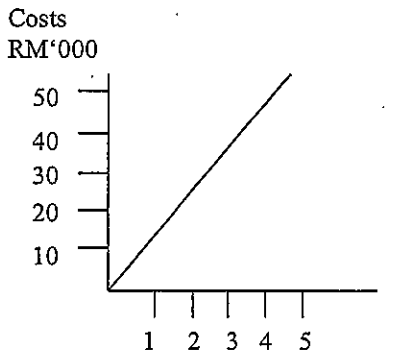

Figure 1

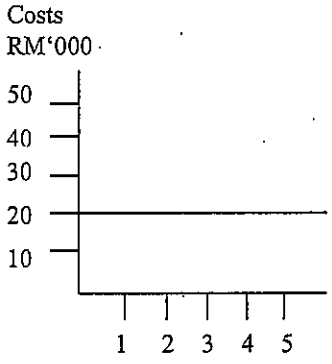

Figure 2

Figure 1 and Figure 2 above show different graphical presentation of types of costs.

Continued...

Required:

1) Label each graph and explain the characteristics of each figure.

(6 marks)

(You may use the table below to write your answer)

Figure	Label	Characteristics
1		
2		

2) Define mixed costs. Draw a graphical presentation of mixed costs to explain your answer.

(4 marks)

Part B

All Stars Company produces 150,000 shoes annually that it sells for RM80 each. For the coming year, the management of the company expects fixed costs to total RM250,000 and variable costs to be RM4 per unit.

Required:

Compute the followings:

1) Contribution margin per unit. (1.5 marks)

2) Contribution margin ratio.

(1.5 marks)

3) Break even point in Ringgit Malaysia (RM) using contribution margin technique.

(1.5 marks)

4) Break even point in Ringgit Malaysia (RM) using mathematical equation (round your answer for the units to five decimal points).

(3.5 marks)

5) Margin of safety in Ringgit Malaysia (RM).

(2 marks)

[TOTAL 20 MARKS]

Continued...

QUESTION 3

Part A

> A budget is a formal written statement of the management's plans for a specified future time period, expressed in financial terms.

Required:

1) Identify **SEVEN (7)** budgets that make up the operating budgets.

(7 marks)

2) Identify **TWO (2)** budgets that make up the financial budgets.

(2 marks)

Part B

The budgeted unit sales of Wowwee Company for the upcoming fiscal year 2021 are provided as below:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Budgeted unit sales	10,000	12,000	16,000	18,000
Budgeted unit produced	12,000	25,000	28,000	30,000

The company's variable selling and administrative expense per unit sale is RM4.50 while variable manufacturing overhead is RM5 each. Fixed expenses per quarter include salary expenses of RM10,000, factory insurance RM20,000, factory machines maintenance RM22,000, advertising of RM15,000, salary of factory labour RM35,000 and marketing RM12,000.

Required:

Prepare the company's selling and administrative expense budget by quarter and for the year 2021.

(11 marks)

[TOTAL 20 MARKS]

Continued...

QUESTION 4

Little Unicorn Company manufactures several types of hair accessories. For the year, turban line was not making profit, where it reported sales of RM550,000, variable expenses of RM400,000 and fixed expenses of RM180,000. The company also had a very profitable line which is hair clip. Sales for hair clips were reported to be RM800,000, variable expenses were RM425,000 and fixed expenses were RM80,000. Since the turban product line has a net loss of RM30,000, the management is considering to eliminate the turban product line. If Little Unicorn Company eliminates turban product line, RM20,000 of fixed cost will be absorbed by the company's hair clip product line.

Required:

1) Prepare an incremental analysis for the continue or eliminate decision.

(7.5 marks)

2) Prepare Little Unicorn's revised CVP Statement of Profit or Loss for both product lines, and in total for the year.

(8.5 marks)

3) Should Little Unicorn Company continue or eliminate turban product line? Provide justification for your answer.

(4 marks)

[TOTAL 20 MARKS]

Continued...

QUESTION 5

The accountant of Mohamad Company has developed the following unit standard costs for the year 2020 for one unit of cotton pillow that it produces:

	Direct Materials	Direct Labour	Manufacturing Overhead
Standard Price	RM26.50	RM25.00	RM26.00
Standard Quantity	2.1 kilograms	30 minutes	1 hour 15 minutes
Unit Standard Cost	RM55.65	RM18.75	RM29.90

In 2020, the company plans to produce 150,000 units of cotton pillows at a level of 50,000 direct labor hours.

Actual results for 2020 were presented below:

1. Direct materials purchased were 250,000 kilograms of cottons which costs RM6,675,000.
2. Direct materials used were 230,000 kilograms of cottons.
3. Direct labour costs were RM1,470,750 for 55,500 direct labor hours actually worked.
4. Fixed manufacturing overhead costs were RM1,333,000, while variable manufacturing costs were RM117,000.
5. The company produced 110,000 units of cotton pillows during the year.

Required:

Compute the following variances:

1) Direct materials price. (4 marks)

2) Direct materials quantity. (4 marks)

3) Direct labour price. (4 marks)

4) Direct labour quantity. (4 marks)

5) Total overhead variance. (4 marks)

[TOTAL 20 MARKS]

[GRAND TOTAL 100 MARKS]

End of Paper